

# Reference prices and market limits

The prices at which players can post market orders and contracts are limited. This has multiple reasons:

- **Fat fingers check** - a sensible game should not let you post your products at ridiculously low or high prices by accident. These limits are referred to as fat finger checks, indicating, that a person may accidentally hit more keyboard keys than intended
- **Cheating prevention** - we want to avoid easy funneling of cash between “friendly” companies. This can be done by selling and/or buying products at ridiculous prices. While we have other mechanisms to detect this: <http://www.simcompanies.com/fpa>, it’s still better to avoid it in the first place.

Achieving this is not trivial since we have a lively economy and prices of resources are not stable. We have fluctuations due to Economic shifts, Contests, Government Orders, and Market manipulations. The limits should not prevent companies from running their usual operation.

Currently enforced limits rely on so-called **reference prices**, these are computed every day for each resource at each quality. A volume-weighted average price (VWAP) of the previous day, is used to compute the **reference price**. The reference price might be considered unreliable if there was low trading activity.

In the absence of a reliable reference price, company sourcing cost and the current market price can be used. Furthermore, the Contest resource and Government Orders, or their inputs; have the limits relaxed a bit to allow speculation.

The exact logic of limit checks is very complex to describe and subject to change, so there is little point in documenting it. It is a result of multiple iterations.

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## REPORTING AN ISSUE

If you feel like the limits are preventing you to do an action that makes total business sense, something is wrong and you should submit a bug. Please specify:

- the time
- what are you trying to sell
- what quality

- what price
- what is your sourcing cost
- current market price

We can then evaluate if the limit is indeed functioning as intended and do changes to allow such operation in the future.

We have good experience and track record with the current limits system, unless of course there are special conditions, like launching of a new industry.

Note: The **reference prices** are also used for valuation allowance computation.

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